



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0219	Title:	Honorarium for Montanans serving in contingency operation
Primary Sponsor:	Ankney, Duane	Status:	As Introduced-Revised

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$1,707,650	\$240,150	\$240,150	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$1,707,650)</u>	<u>(\$240,150)</u>	<u>(\$240,150)</u>	<u>\$0</u>

Description of fiscal impact: The Department of Military Affairs would expend approximately \$2.2 million to Montanans that have been, are currently, or will be deployed overseas. This bill appropriates \$4 million to the Department of Military Affairs.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. This bill would pay an honorarium to Montana soldiers who served in a contingency operation between September 11, 2001 and June 30, 2011. The bill exempts these honoraria from Montana income tax.
2. Tax on the honoraria proposed by this bill is not included HJR2. Therefore, exempting these honoraria from tax has no impact on revenue, as estimated in HJR2.
3. Changes to tax forms required by this bill will be made as part of the annual update process with no additional costs to the Department of Revenue.

Department of Military Affairs

4. The Montana Army National Guard has deployed 2,139 members since 2001 with an average deployment of 12 months. Total costs will be \$1,283,400 (2,139×12×\$50).
5. The Montana Air National Guard has deployed 623 members since 2001 with an average deployment of 4 months. Total costs will be \$124,600 (623×4×\$50).

6. The department does not know the number of future deployments for the National Guard; for purposes of this fiscal note, it is assumed that future deployments will be the average of deployments since 2001, or about 306 per year (2139 members/7years) for the Army National Guard and 89 per year (623 members/7years) for the Air National Guard. Based on this assumption, total costs for the National Guard for each of the next two years would be \$201,400 ($306 \times 12 \times \$50 + 89 \times 4 \times \50).
7. Montana Marine Reserves average about 40 deployed troops per year, with 7 months spent overseas. On any given rotation, about half of the members are on their second tour of duty and about a quarter are on their third tour. There is an average of three years between consecutive deployments for individual members. This fiscal note assumes that none of the members surpass the \$1000 honorarium limit. In FY 2010, costs would be \$112,000 ($8 \times 40 \times 7 \times \50), including the eight years since 2001. In FY 2011 and FY 2012, costs would be \$14,000 ($40 \times 7 \times \50).
8. The Navy Reserve has deployed 137 troops since September 11, 2001. The average time of deployment is 9 months. Total costs will be \$61,650 ($137 \times 9 \times \50). It is again assumed that future deployments will be the average of deployments since 2001, or about 20 per year (137 members/7years). Based on this assumption, total costs for the National Guard for each of the next two years would be \$9,000 ($20 \times 9 \times \50).
9. The Army Reserves average about 35 deployed troops per year; the average time of deployment is 9 months. In FY 2010, costs would be \$126,000 ($8 \times 35 \times 9 \times \50), including the eight years since 2001. In FY 2011 and FY 2012, costs would be \$15,750 ($35 \times 9 \times \50).

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Expenses--National Guard	\$1,408,000	\$201,400	\$201,400	\$0
Expenses--Marine Reserve	\$112,000	\$14,000	\$14,000	\$0
Expenses--Navy Reserve	\$61,650	\$9,000	\$9,000	\$0
Expenses--Army Reserve	\$126,000	\$15,750	\$15,750	\$0
TOTAL Expenditures	<u>\$1,707,650</u>	<u>\$240,150</u>	<u>\$240,150</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$1,707,650	\$240,150	\$240,150	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$1,707,650)	(\$240,150)	(\$240,150)	\$0

Technical Notes:

1. The appropriation in this bill exceeds the anticipated level of expenditure.

Sponsor's Initials_____
Date_____
Budget Director's Initials_____
Date